Manufacturing Decline Is a Misconception

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I recently had the opportunity to talk with Joe Atikian, the author of Industrial Shift: The Structure of the New World Economy *[1].* Atikian has a professional background in utilities and automotive engineering, and now writes books on economics and development. In his latest literary venture, Atikian grapples with some of the largest trends facing industry globally – from the decline of manufacturing, to the rise of China, to jobs and the service sector in the age of outsourcing.

He argues that even in our turbulent global economy, the popular idea of declining farms and factories is largely unfounded. As cited in his work, UN and World Bank data show that food and manufacturing output are growing everywhere, but remain hidden by the faster-growing services sector.

In this interview, Atikian addresses how these misconceptions began, America as a viable manufacturing hub in the future, and why we can't overlook Mexico.

Nowack: What are the major trends that you cover in your book, *Industrial Shift*?

Atikian: The main focus is on the continuing shift between industry sectors: agriculture, manufacturing, and services. The lines are blurry, but the trends are clear. In the most advanced economies, the share of agriculture has stabilised, the manufacturing share is declining, and the services share is rising. The biggest surprise to most people will likely be that all three sectors have always been growing and continue to grow today. It is only the relative proportions that shift.

The book also maps out where industry is shifting to and from. All over the world, very little action is seen in the North-South axis, whereas the East-West shift is earth shaking. It’s no surprise that China and the US dominate the discussion, but China is not immune to the same economic forces that shaped the rest of the world. For example, factory employment in China peaked years ago as productivity went up and wages followed. The best predictions of coming industrial shifts in the 1950s failed to come true because technologies advanced so quickly. Likewise, today’s predictions should be treated with caution. Is it possible for the US to become the world’s predominant services provider instead of its manufacturer?

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